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SUBJECT: EMBASSY MINSK WEEKLY REPORT - July 20, 2005

11. The following are brief items of interest compiled by Embassy Minsk over the past week.

Political Developments

12. Students to Serve State

On July 19, the Gomel Regional Soviet adopted a 2005-2007 program to engage youths in ideology, sports, arts, tourism and ecology during their summer vacations. The plan would support student participation in patriotic education, regional ideological contests among enterprises, and decoration of schools with national symbols. Teams will landscape school areas, renovate buildings and repair WWII graves.

13. No Nuke Dump

On July 14, the Ministry of Natural Resources and Environmental Protection expressed its opposition to the construction of a nuclear waste burial ground in Lithuania near the Belarusian border. Belarus fears the site would become a nuclear waste dump for other European countries and insists that Lithuania's neighbors be included in ensuring a proper monitoring system. Lithuania is equally concerned about Belarusian plans to build a hydroelectric station on the River Neman.

Human Rights

14. Professor Expelled

On July 13, the Citizenship and Migration Office (CMO) notified Terry Boesch, an American citizen living in Belarus who had been giving lectures at Belarusian State University, that he had to leave Belarus by July 15, when his visa expired. Boesch's earlier attempts to renew his visa were denied. With US Embassy assistance, Boesch convinced authorities to give him until July 19 to pack and retrieve his passport from the CMO. Boesch claimed in press interviews he did not know the reasons for his expulsion, as he claimed he avoided contact with politics, opposition parties and even the US Embassy during his time in Belarus. A year ago in an interview with Belarusian state press, Boesch called USG policy toward Belarus "destructive". Apparently this anti-USG stance wasn't enough to keep him in the regime's good graces.

15. Activists Fined

On July 18, authorities fined United Civic Party (UCP) activists Arkadz Korkhaw and Vasil Chitayev USD 240 each for organizing an unauthorized meeting in a private house in Zalesse, Gomel region. The activists intended to nominate delegates to the National Congress until police officers disrupted the meeting. In the Brest region, Yury Hubarevich of the Belarusian People's Front and Dzmitry Tratstsyak of Belaazyorsk were fined USD 60 each following their July 9 detainment for visiting a village in a border area without proper permission. The activists were attending a regional conference in Damachava, Brest district to nominate delegates to the Congress.

16. Fined Newspaper was Right

On July 20, newspapers announced that former deputy chairman of the Belarusian Artistic Gymnastics Association (BGA) Andrei Imanali would stand trial in Russia for abduction charges. Russian law enforcement agencies have been looking for Imanali since 2001 in connection with his activities as head of a criminal gang. Known in criminal circles as "Semi-Beast", Imanali was hiding from prosecution in Belarus where he was elected as deputy head of the BGA in 2002. In January, Belarusian Finance Minister and head of the BGA Nikolai Korbut won USD 18,430 in a libel suit against newspaper Pressbol for publishing an article about Imanali's involvement in organized crime. The Minister claimed that the front-page headline, "Belarusian finance minister's deputy wanted by Interpol over involvement in organized criminal group," defamed his name and organization. Court officials recently seized property from the Pressbol owner's home in order to pay

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the fine.

17. Activists Harassed

On July 16, police detained UCP leader Anatoli Lebedko, activist Igor Shinkarik, and Belarusian Party of Communists leader Sergei Kalyakin for organizing an unauthorized meeting following a conference to choose Congress delegates in Baranovich, Brest Region. According to Lebedko, he and Kalyakin left the police station in protest and were surprised that no one chased after them. Shinkarik was released after three hours.

18. Second Chance for Church

On July 18, the Minsk City Court suspended a decision to liquidate the only branch of the Belarusian Evangelical Church (BEC) in the country for two months. However, the church must use that time to find new premises and register. The BEC has existed in Belarus since 1992, with its office in a private apartment. National legislation banning religious organizations from being based in residential housing took effect in 1999 (similar bans exist for political parties and NGOs). Minsk city authorities issued two or three warnings a year to BEC for lack of a valid legal address. In May, authorities asked the court to liquidate the BEC for failure to acquire a legal address. Pastor Ernest Sabilo, whose apartment is listed as the church's office, thinks the GOB is trying to close his church because he conducts services in Belarusian. Sabilo remarked the court officials were surprisingly sympathetic and helpful to his church.

19. Authorities Cancel Venue

On July 18, the German-Belarusian Nadezhda Center in Vilejka region refused to accommodate a July 19-28 Summer Human Rights Camp sponsored by the Foundation for

Legal Technologies (and funded by an embassy Democracy Commission grant). The Foundation had reserved tents and classrooms at the Center for 48 law students, experts, and trainers in March, but the Center revoked the reservation at the last minute after government inspectors allegedly found unsanitary conditions at the site. At the camp, students were to study an introductory course on human rights, international mechanisms of human rights protection, access to justice, access to legal aid and organization of legal aid in Belarus. We understand from EU embassies that the camp may take place in Prague, if money can be found to transport the students there.

¶10. Independent Media Under Pressure

On July 15, the Ministry of Information issued a warning to the independent newspaper Vitebskiy Kurjer. The MOI accuses the paper of not reregistering after changing its name, not including the full name of the founder on the newspaper's imprint and not printing the publisher's name under the title of the paper.

Economics

¶11. Economy Half Bad

According to a July 18 report, 46.6 percent of the 1,471 enterprises in the National Bank's May survey, including 53.4 percent of industrial companies, reported unfavorable economic conditions for business in Belarus. Overall, 48.9 percent noted good conditions, among them 60 percent of trade companies and eateries, 52.4 percent of construction companies and 51.4 percent of transport companies.

¶12. Profitable Customs

During a July 17 meeting with heads of Belarusian diplomatic missions abroad, State Customs Committee chairman Alexander Shpilevski informed that customs earns USD 18 million daily for the state. In 2004, the State Customs Committee was responsible for 36 percent of state budget revenues, but earnings have since increased by 13 times. However, Shpilevski admitted corruption exists in the Customs Service since criminals are "eager to work somewhere that handles so much money." According to Shpilevski, criminal groups at one time controlled entire customs checkpoints. Due to the State Committee's ongoing battle with corruption, these

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posts have been closed. By 2010, the Customs Service hopes to have newer technologies, such as electronic declarations and signatures in place to deal with the long lines at the borders. Shpilevski believes Belarus could become a link between the EU's electronic declaration system and the CIS' custom systems.

¶13. Targets Met

Prime Minister Sergei Sidorsky reported to Lukashenko on July 13 that Belarus met 15 of 16 key economic targets in January - June. Industrial and agricultural output increased ten percent, exports - 19 percent, imports - three percent and investment in fixed assets - 17 percent. Unprofitable companies fell from 60 to 24 percent, falling to nine percent in agriculture. Inflation was 0.6 percent. Average monthly wages increased 18 percent to USD 209, and Sidorsky predicted it would be USD 250 by year-end.

¶14. Bank Takeover

On July 14, Belarus' largest bank, Belarusbank, took over ailing MinskKompleksBank in accordance with Lukashenko's June 7 decree. The decree orders Belarusbank to finance all expenses of MinskKompleksBank within the next five years and to repay the NBB USD 12 million which it borrowed to compensate individuals who had deposits with the bankrupt BelBaltija bank.

15. State Sets, Liberalizes Prices

On July 14, the GOB set ceiling prices for agricultural produce bought under government contracts. Grain prices remain at 2004 levels, but malt barley prices are down 20 percent, and rapeseed prices - 6.6 percent. Sugar beet prices increased 2.9 percent. The GOB also drafted a price liberalization plan to reduce state control on the price of welfare goods over the next five years. The state will still control transport, communications and power engineering prices.

International Relations

16. Cooperation with Syria

On July 18, Belarusian Ambassador to Syria Vladimir Lopato-Zagorski expressed his hope for greater military cooperation with Syria since the lack of international sanctions has made the market very prospective. Lopato-Zagorski noted how Minsk Aircraft Repairs Plant is currently repairing two Tu-134 planes for Syrian airlines and hopes to repair more in the future, particularly the Yak-40 model. On its part, Syria is considering financing the construction of a USD 25 million hotel complex in Belarus. Syria has already founded a USD 1.5 million paper hygienic articles plant in Zhodino and plans to establish a pharmaceutical joint venture. Exports to Syria declined 4.1 percent on the year from January to April, after a 140 percent rise in 2004, and imports declined by 4.5 percent after a 260 percent rise. Lopato-Zagorski also announced on July 19 that the Minsk Tractor Plant would begin exporting tractors to Syria for the first time in 20 years. According to Lopato-Zagorski, Belarus sent tractors to Syria in the late 1990s, but they were then transited to Iraq as part of the Oil for Food program. In 2005, 20 MTZ tractors were supplied to Syria and Belarus would supply more if Syrian officials would accept more powerful 70 hp engines rather than the 45-50 hps.

17. Welcome to Iran

On July 14, Iranian Ambassador to Belarus, Abdolhamid Fekri, announced that Belarusian tourists can now receive free seven-day tourist visas upon arrival at Tehran, Esfahan, Tabriz or Mashad airports. Fekri admitted Iran is not the most popular tourist destination for Belarusians because of the heat and lack of direct flights. However, he claimed that Iran's diplomatic mission is trying to establish direct flights from Minsk to Tehran along with a tour of Iran for Belarusian journalists. Fekri mentioned how bilateral relations between the two countries has been developing "every day and every hour" after Iranian President Mohammed Khatami's 2004 visit to Minsk. According to the Turkmen ambassador, the Iranian embassy recently bought a large tract of land outside of Minsk, reportedly to build residences for its staff.

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18. Plane Maintenance in Bahrain

The State Aviation Committee announced on July 19 its plans to open an aircraft maintenance center in Bahrain.

The center will service IL-76 cargo planes of Belarusian state-run company Transaviaexport. These planes fly to the Middle East, including Afghanistan and Pakistan.

Anti-US

19. US Surrounding Russia

On July 18, the state-owned daily Sovetskaya Belarussiya reprinted an article from the German paper Junge Welt about revolution in Belarus. The article alleged that the topic of the American Enterprise Institute's November 14, 2002 conference was "overthrowing the President of Belarus as the last dictator of Europe". He lists Radio Liberty, Freedom House, the National Endowment for Democracy and the US Embassy in Belarus as organizers of the event. The paper accused former head of the OSCE mission in Belarus Hans-George Wiecek of being "the most active propagandist aiming to overthrow the regime." Sovetskaya Belarussiya added that the Belarus Democracy Act initially caused a large stir, but was later softened, as the US did not want to lose Russia's friendship.

20. USA to Destroy Slavs

According to a July 13 article in the pro-government newspaper Belorusskaya Niva, the West, particularly the USA, wants to destroy the Slavic world in order to subdue it. Author Oleg Stepanenko asserts that the West deliberately tries to wipe out the Slavic people's "self-respect" in order to "stir them up against each other." The West sees Belarus as one of the few states left that resists US expansion. Stepanenko opined that Slavic states should form their own Slavic Europe to fight modern neo-fascism. This article continues the theme of the "World Slavic Conference" hosted in Minsk in early July at which numerous speakers from the communist camp in Slavic countries railed against US imperialism and derided their own countries "subjugation" to the American empire, while calling Belarus and Russia the only free countries in Slavdom.

Miscellaneous

21. Suicides Increasing

Police reported five suicides in Minsk on July 18. Prosecutors are investigating the four adult and one juvenile deaths. Psychiatrists reported a steady increase of suicides in recent years among both urbanites and rural residents. Drug addicts and alcoholics account for many of the deaths, making suicide the fourth most widespread cause of death, after cardiovascular diseases, neoplasms and respiratory diseases. Belarus has the fifth highest suicide rate in the CIS after Lithuania, Russia, Latvia and Estonia.

22. Public Files Complaints

Constitutional Court Chairman Grigory Vasilevich announced to reporters on July 15 that since January, the Court has received 2,500 complaints about the constitutionality of the country's regulations, particularly housing, labor, administrative and criminal laws. In response, the Court suggested the government make it easier for individuals to recover funds from investment construction companies and extend monthly utility bill deadlines until after payday. The GOB also abolished a charge on temporary stays for foreigners in Minsk.